



- **SALES** totalled SEK 18,205 million (SEK 16,018 million)
- **PROFIT AFTER NET FINANCIAL ITEMS** amounted to SEK 1,950 million (SEK 1,790 million)
- **PROFIT AFTER TAX** was SEK 1,499 million (SEK 1,383 million)
- **EARNINGS** per share before and after dilution, based on average number of shares outstanding during the period, were SEK 2.97 (SEK 2.74)
- **ACQUISITION OF**
 - Remaining 55% of shares in Italian ventilation and air conditioning company Rhoss S.p.A
 - 51% of shares in American element company Therm-X of California, Inc. (October)
 - 50% of shares in Turkish ventilation and air conditioning group Üntes (November)
- **CHANGE OF OWNERSHIP** in the washing machine company Schulthess in that 100% of the shares in Schulthess Maschinen AG have been sold to a new owner company in which NIBE has a 51% interest with Helvetica Capital AG and the company's management

Continued stable performance in a cautious market

Consolidated sales for the first nine months of the year grew by 13.7% (17.3%), of which 9.1% (10.9%) were organic. The weak Swedish krona had a marked positive effect on sales growth, although to a lesser extent during the latter part of the period.

Overall demand is still being influenced by a cautious attitude but with wide variations between different market segments. Products with a clear sustainability profile have continued to perform well, which is naturally explained by sustainability's high priority with end consumers and many policy makers. However, most categories of purely consumer products and some specialist products saw slower growth. This development is also mostly explained quite naturally by political concerns in several parts of the world. The uncertainty surrounding future interest rates has probably also had a repressing effect, but in recent months interest rates have levelled off and even begun to go down instead, which in the slightly longer term should have a positive effect on demand.

In May, the Swiss company Schulthess Maschinen AG was sold to a new owner company in which NIBE holds a 51% interest, while the other owners are Helvetica Capital AG and the company's management.

NIBE acquired the listed Schulthess Group AG in April 2011. The German heat pump company Alpha Innotec GmbH accounted for most of its operations and was the reason for the acquisition. Although washing machines and tumble dryers were not an obviously natural part of our business, we continued to invest heavily in the company for eight years while waiting for an optimum ownership solution.

The NIBE Climate Solutions business area's long-term focus on sustainable climate control in buildings continues to bear fruit. The concept that is built around providing single family housing with intelligent, sustainable, high-performance climate control solutions is now also being rolled out in commercial properties. The acquisition of the remaining 55% of shares in the Italian ventilation and air conditioning company Rhoss early this year is an important step forward in these efforts. Just a few days ago, another step was taken in the same direction through the acquisition of 50% of the shares in Turkish company Üntes, which is one of Rhoss' partners and one of Turkey's leading manufacturers of products for climate control of commercial properties.

As mentioned earlier, major development resources are also being added to meet future demand for the products to use environmentally friendly refrigerants, be connectable and have intelligent control systems.

We are pleased to note that both sales and operating margin have performed well so far this year. Good market presence and a comprehensive strong product range combined with favourable market conditions in both North America and Europe are the main reasons for the sales trend.

Organic growth, some price adjustments and continued diligent work to boost productivity are the main reasons for the improved operating margin.

The NIBE Element business area had to contend with a clearly cautious market during the first nine months of the year, where the variations between different market segments were considerable.

The overall trend is that market segments with a clear sustainability profile, such as wind power and heat pumps, are developing well. However, market segments with a more traditional consumer profile, such as domestic appliances, have not developed as well. The fact that the automotive industry is in a transitional phase from vehicles with fossil fuel engines to vehicles with other types of engines is well known, but more unexpected is the significantly lower level of investment in infrastructure like railways. Demand from the semiconductor industry has also been weak over several quarters but fortunately, a turnaround seems to be underway. Just as for future generations of electrified cars, we see a big market in the semiconductor industry going forward. It is from this perspective that the recent acquisition of the American company Therm-X should be seen.

Through our increasingly comprehensive product range, our good geographical presence and our advanced technology centres, we are very confident that we will have opportunities to supply the market with products that are in demand in the future.

The fact that both operating profit and operating margin were down is explained by the unfavourable product mix, increased cost pressure in our low-cost units and poor sales growth.

Calendar

15 November 2019

08:00 (CET) Interim report 3, January – September 2019

11:00 (CET) Telephone conference (in English)

Presentation of Interim Report 3, 2019 and opportunity to ask questions.

Registration on our website www.nibe.com is required in order to access the presentation images during the conference. To listen by phone, call +46 8 566 426 95.

13 February 2020

Year-end report 2019

April 2020

Annual Report and Notice of Annual General Meeting

14 May 2020

Interim Report 1, January – March 2020

17:00 Annual General Meeting



The NIBE Stoves business area's sales development has also been cautious, but here too we have variations between different geographic areas and market segments.

The North American market had weaker growth at the beginning of the year but has gradually come back. Overall, the European market has remained constant compared to last year, but wood-fired products have declined somewhat, while products made for gas, pellets and electricity have performed better.

We retain our strong market position thanks to our good market presence as well as our broad product range, which is the result of our continuous product development with a focus on design and efficiency.

The weaker operating profit and operating margin are primarily due to product development and marketing initiatives, but also to a certain amount of price competition in a generally stagnant market.

The level of investment in our existing businesses amounted to SEK 804 million during the first nine months, compared with SEK 460 million in the previous year, and the rate of depreciation was SEK 758 million compared with SEK 518 million last year. In accordance with IFRS 16, depreciation for the period also includes depreciation on leases of SEK 159 million, which was not the case last year. Depreciation would otherwise have amounted to SEK 599 million instead of SEK 758 million. As mentioned earlier, the rate of investment in the years to come will be close to the depreciation rate, excluding leases.

The operating profit improved by 8.4% in the first nine months of the year compared with the corresponding period last year, while the operating margin of 11.5% is 0.5 percentage points lower than in the same period last year. This is explained by the slightly lower operating margin in both NIBE Element and NIBE Stoves.

Profit after net financial items improved by 8.9% in the period compared with the corresponding period last year, leading to a profit margin of 10.7%, 0.5 percentage points lower than in the same period last year.

Outlook for 2019

- Our corporate philosophy and our strong range of products, with their focus on sustainability and energy efficiency, are in tune with the times in which we are living.
- We are well prepared to continue to be proactive on acquisitions.
- Our internal efforts to enhance efficiency, combined with our rigorous cost control measures, will guarantee persistently healthy margins.
- As with previous years, the effects of economic trends, currency concerns, volatile energy prices and political turbulence in some parts of the world are hard to predict, but we remain cautiously positive about the year overall.

Markaryd, 15 November 2019

Gerteric Lindquist
Managing Director and CEO

NIBE Group		2019	2018	Past	2018
Key ratios		Q1-3	Q1-3	12 months	Full year
Net sales	SEK m	18,205	16,018	24,703	22,516
Growth	%	13.7	17.3	15.6	18.5
of which acquired	%	4.6	6.4	4.8	6.0
Operating profit	SEK m	2,085	1,924	2,990	2,829
Operating margin	%	11.5	12.0	12.1	12.6
Profit after net financial items	SEK m	1,950	1,790	2,827	2,667
Profit margin	%	10.7	11.2	11.4	11.8
Equity ratio	%	47.0	46.4	46.9	47.7
Return on equity	%	13.4	14.1	13.7	14.8

Sales

Consolidated net sales totalled SEK 18,205 million (SEK 16,018 million). This corresponds to growth of 13.7%, of which 9.1% was organic. Acquired operations accounted for SEK 738 million of the total SEK 2,187 million increase in sales.

Earnings

Profit for the period after net financial items was SEK 1,950 million. This equates to an 8.9% increase in earnings compared with the same period in 2018. In 2018, profit after net financial items amounted to SEK 1,790 million. As from 1 January 2019, the Group applies the new IFRS 16 accounting standard. The effects on the consolidated income statement and balance sheet are described on page 14 under 'Accounting policies'. Profit for the period was charged with acquisition and disposal expenses of SEK 37 million (SEK 15 million). Return on equity was 13.4% (14.1%). Some of the Group's key ratios have also been affected by IFRS 16. The effects of the new standard are described on page 11.

Acquisitions

In January 2019, NIBE acquired the remaining 55% of the shares in the Italian ventilation and air conditioning company Rhoss S.p.A. The company, which has sales of approximately EUR 68 million, was consolidated into the NIBE Climate Solutions business area as from January 2019. The acquisition value is still provisional.

Change of ownership

On 10 May, 100% of the shares in the Swiss company Schulthess Maschinen AG were sold for CHF 150 million on a cash-free and debt-free basis to a new owner company in which NIBE holds a 51% interest. The other owners are Helvetica Capital AG and the company's management. The agreement grants Helvetica Capital AG an option to acquire another 26% of the shares within a period of three years. The aim is to sell the business entirely after another three or four years. Operations will be consolidated while NIBE has a majority shareholding, with recognition of minority shares. Consequently, no capital gain will be recognised in the present financial year.

Significant events after the end of the period

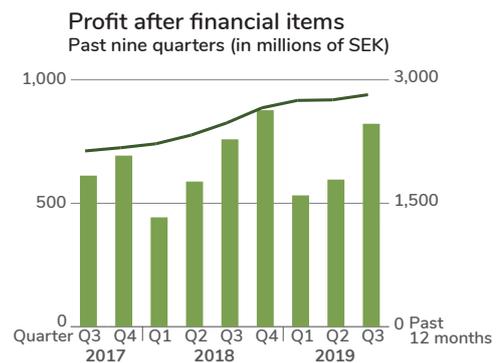
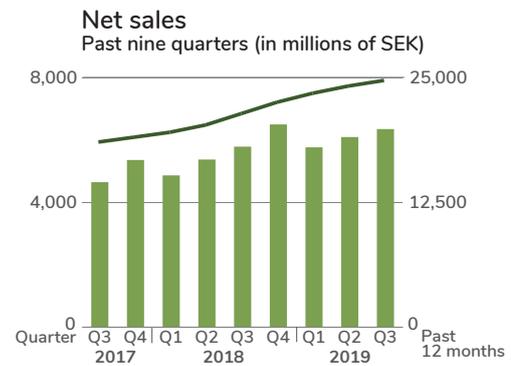
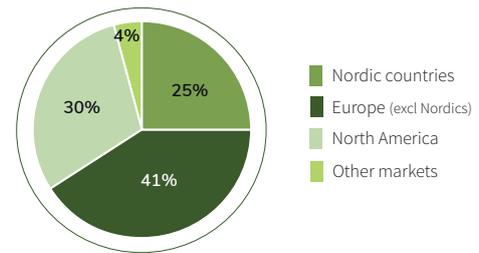
At the end of October, an agreement was concluded on the acquisition of 51% of the shares in American company Therm-X of California Inc. with an option to acquire the remaining 49% of the shares by 2024. The company, which has approximately 340 employees in the US and Vietnam, develops and manufactures products for the semiconductor industry. The business is expected to have sales in excess of USD 60 million in 2020 with an operating margin over 10%. The company will be consolidated with the NIBE Element business area as from November 2019.

In early November, an agreement was concluded to acquire 50% of the shares in the Turkish group of companies Üntes with an agreement to acquire the remaining 50% of the shares by 2024. The company, which has around 325 employees in Turkey, develops and manufactures ventilation and air conditioning products for commercial properties. The business has annual sales of approximately EUR 38 million and an operating margin well above 10%. The company is expected to be consolidated with the NIBE Climate Solutions business area as from 1 January 2020.

Investments

During the period, the Group made investments totalling SEK 1,172 million (SEK 1,994 million). A total of SEK 368 million (SEK 1,534 million) of the investments relates to acquisitions of operations. The

Group sales by geographical region



remaining SEK 804 million (SEK 460 million) is mainly investments in machinery and equipment in existing operations. The investment amount relating to acquisitions is based on initial purchase prices as well as an estimate of additional consideration to be paid.

Cash flow and financial position

Cash flow from operating activities before changes in working capital amounted to SEK 2,734 million (SEK 1,994 million). Cash flow after changes in working capital amounted to SEK 2,029 million (SEK 657 million). The effects of IFRS 16 on the consolidated cash flow statement are described under 'Accounting policies' on page 14.

Interest-bearing liabilities at the end of the period amounted to SEK 10,668 million, compared with SEK 9,239 million at the start of the year. Following the introduction of IFRS 16, as from 1 January 2019 lease liabilities are recognised among interest-bearing liabilities, which is the main reason for the increase. At the end of the period, the Group had cash and cash equivalents of SEK 4,364 million as against SEK 3,562 million at the start of the year. The equity/assets ratio at the end of the period was 47.0%, compared with 47.7% at the start of the year and 46.4% at the corresponding time last year.

Parent

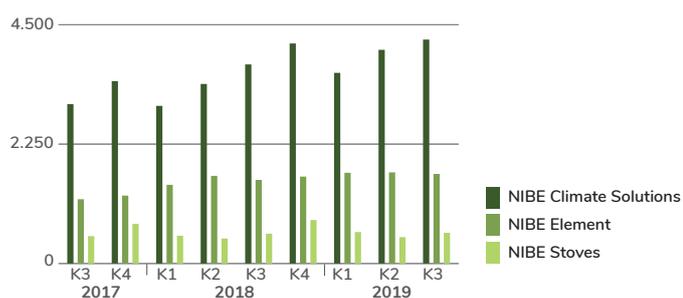
Parent activities comprise Group executive management functions, certain shared Group functions and financing. Sales for the period totalled SEK 18 million (SEK 11 million) and profit after financial items was SEK 1,937 million (SEK 566 million). The increase is mainly due to the divestment of Schulthess Maschinen AG, which resulted in an extra dividend to the parent company.

Business area trends

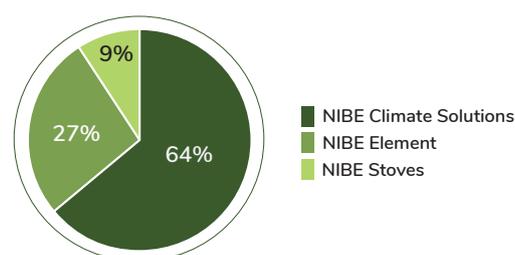
Quarterly data

Consolidated income statement (SEK million)	2019			2018				2017	
	Q1	Q2	Q3	Q1	Q2	Q3	Q4	Q3	Q4
Net sales	5,763	6,093	6,349	4,862	5,371	5,785	6,498	4,644	5,356
Operating expenses	- 5,188	- 5,434	- 5,498	- 4,365	- 4,739	- 4,990	- 5,593	- 3,981	- 4,630
Operating profit	575	659	851	497	632	795	905	663	726
Net financial items	- 43	- 63	- 29	- 54	- 44	- 36	- 28	- 51	- 33
Profit after net financial items	532	596	822	443	588	759	877	612	693
Tax	- 116	- 148	- 187	- 107	- 148	- 152	- 188	- 130	- 123
Net profit	416	448	635	336	440	607	689	482	570
Net sales, business areas									
NIBE Climate Solutions	3,593	4,027	4,220	2,971	3,384	3,752	4,148	3,003	3,437
NIBE Element	1,710	1,718	1,688	1,483	1,652	1,576	1,638	1,212	1,280
NIBE Stoves	593	498	580	524	471	563	821	517	748
Elimination of Group transactions	- 133	- 150	- 139	- 116	- 136	- 106	- 109	- 88	- 109
Group total	5,763	6,093	6,349	4,862	5,371	5,785	6,498	4,644	5,356
Operating profit per business area									
NIBE Climate Solutions	385	523	678	308	436	590	628	460	523
NIBE Element	161	159	145	154	198	164	134	149	114
NIBE Stoves	50	14	46	45	23	59	138	69	130
Elimination of Group transactions	- 21	- 37	- 18	- 10	- 25	- 18	5	- 15	- 41
Group total	575	659	851	497	632	795	905	663	726

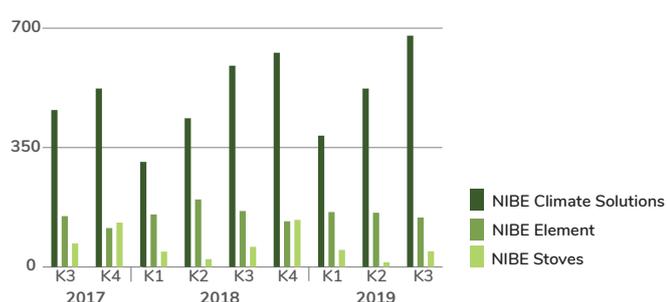
Sales per business area, last nine quarters (SEK million)



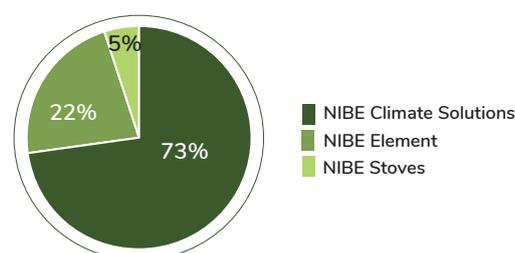
Each business area's share of total sales (Q1-Q3 2019)



Operating profit per business area, last nine quarters (SEK million)



Each business area's share of total profit (Q1-Q3 2019)



NIBE Climate Solutions business area

Sales and profit

Sales for the period totalled SEK 11,840 million, compared with SEK 10,107 million for the corresponding period last year. Of the increase in sales of SEK 1,733 million, acquired sales accounted for SEK 633 million, which means that organic growth was 10.8%.

Operating profit for the period totalled SEK 1,586 million, compared with SEK 1,334 million the previous year. This equates to an operating margin of 13.4% compared with 13.2% for the previous year. The operating margin for the past 12 months is thus 13.8%.

Market

International demand for various heat pump solutions is continuously increasing as we strengthen our market position in both Europe and North America. As a comprehensive supplier of sustainable, energy-efficient, intelligent solutions for indoor climate comfort in all types of properties, we have a strong platform for further expansion.

One of the main reasons for the market growth is the increased interest in products that use renewable energy. In country after country, more and more government decisions are being taken with the aim of gradually phasing out heating products that use oil and gas. This will benefit our industry in both the short and long term.

The North American heat pump market for single-family homes continues to grow. Our focus on consumer campaigns aims to increase consumer awareness of the cost savings and environmental benefits gained, particularly from the use of geothermal heat pumps.

Both the US and Canadian markets for commercial property products have been stable. Through our acquired units, we are well established in North America and intend to further strengthen our presence through both offensive product development and acquisitions.

In both the Nordic region and Western Europe, all our targeted markets continue to grow. One of the main reasons for this is increased interest among both end consumers and political decision-makers in trying to solve the climate change issue by doing things like phasing out oil and gas for heating.

In the Netherlands as in Norway, where politicians have already decided to phase out fossil fuels, market development remains strong and we are also strengthening our market position. In Germany, a political debate is currently in progress on attempting to gradually initiate a similar phase-out.

All Nordic markets, led by Norway, continue to grow, which benefits those with a market-leading position in these countries.

Several countries in Eastern Europe have also introduced subsidies for installing more energy-efficient solutions, and our units are experiencing a good expansion in terms of product concepts for indoor climate comfort, primarily in heat pumps but also in water heaters.

Growth in the Swedish domestic heat pump market has continued. Above all, the increase is due to a growing replacement market, which offsets a downward trend in new housing construction. We have a strong market position in both segments, which means we can adapt to these types of changes in the market.

Demand for energy efficient product solutions for commercial properties is increasing in Europe and we are intensifying our efforts with new dedicated resources to expand in this segment as well.

Operations

With the market launch of our new generation of heat pumps – the NIBE S Series – we have taken an important step towards becoming the market leader for on-line heat pumps with intelligent controls. This gives both installers and end consumers new opportunities to streamline the installation, reduce energy use and remotely control the heat pump.

Product development and the introduction of new high-performance products in all application areas is ongoing. This is a prereq-

NIBE Climate Solutions

Key ratios		2019	2018	Past	2018
		Q1-3	Q1-3	12 months	Full year
Net sales	SEK m	11,840	10,107	15,987	14,255
Growth	%	17.1	17.8	18.0	18.6
of which acquired	%	6.3	3.2	5.1	2.7
Operating profit	SEK m	1,586	1,334	2,214	1,962
Operating margin	%	13.4	13.2	13.8	13.8
Assets	SEK m	24,316	20,748	24,316	20,637
Liabilities	SEK m	3,284	2,565	3,284	2,463
Investments in non-current assets	SEK m	442	273	573	404
Depreciation	SEK m	460	336	573	448

uisite for continued expansion and for strengthening our profile as a market leader in intelligent, energy-efficient, environmentally sustainable product solutions for indoor climate comfort based on renewable energy.

Several different marketing activities are underway in the US market to raise awareness of heat pumps as an economically viable and sustainable solution for cooling and heating in single-family homes. These activities will reduce our dependence on subsidies in the US market in the long term.

Within the Group, several projects are underway to meet our sustainability goals and reduce our energy consumption. NIBE Climate Solutions actively contributes with both knowledge and products as climate control and energy savings are at the top of the agenda in the Group's operations worldwide.

The European heat pump industry continues to develop various solutions to meet the EU F-gas Regulation. For us, this means intensive efforts to switch to more environmentally friendly refrigerants with low climate impact but with continued requirements for good energy efficiency and high quality.

Our internal quality control work, which is a top priority, continues to result in highly reliable products. We are also implementing cost-saving measures on an ongoing basis both in production and other operations to maintain our healthy underlying operating margin. In acquired units with lower operating margins and poorer key figures than existing operations, improvement measures are in progress to help them achieve their objectives.

With the acquisition of the remaining 55% of the shares in the Italian ventilation and air conditioning company Rhoss just after year-end, we now have a wholly owned subsidiary that will be an important platform for our commercial initiatives in Europe. Integration has begun with a new, very experienced management team, and the target is a double-digit operating margin within 24 months.

At the beginning of November, 50% of the shares in Turkish ventilation and air conditioning group Üntes were acquired, with an agreement to acquire the remaining 50% of the shares. This is yet another step in our effort to establish ourselves as a market leader in intelligent, sustainable, high-performance climate control solutions in commercial properties.



NIBE is now taking the next step towards the future of heat pump technology by launching the NIBE S-series.

NIBE works in-house with its own innovations and product developers. The team has worked hard on developing the technology, resulting in many benefits for the end user. The heat pumps have a completely new design with a touchscreen and a brand-new digital interface. Keywords are stylish and Scandinavian design.



NIBE ADDS VALUE

World-class solutions in sustainable energy – we practice what we preach

At NIBE, we have worked systematically with sustainability issues for many years and are driven by a strong vision that our work with sustainable products will help reduce negative effects on our climate. An important part of this is that we should also practice what we preach – our own operations should have good indoor climates for a good work environment and we should help to make the world even more energy efficient so the UN climate goals can be met by 2030.

Danish company SAN reduces its carbon dioxide emissions

The NIBE Element company SAN Electro Heat will replace the oil-fired boiler in its own premises in 2019 with NIBE heat pumps and solar energy. The expected reduction in carbon dioxide emissions after the installation of 14 air/water heat pumps is 43%. After in-

stalling solar cells in the spring of 2020, the reduction will be 54%. This means that the total reduction in carbon dioxide emissions will be around 80 tonnes per year. This will also greatly reduce energy costs.

The work is being done by SAN's sister company Vølund Värmeteknik and will be the company's largest installation to date in Denmark.



NIBE Element business area

Sales and profit

Sales for the period totalled SEK 5,116 million, compared with SEK 4,711 million for the corresponding period last year. Of the increase in sales of SEK 405 million, acquired sales accounted for SEK 128 million, which means that organic growth was 5.9%.

Operating profit for the period totalled SEK 465 million, compared with SEK 516 million the previous year. This equates to an operating margin of 9.1% compared with 11.0% for the previous year. The operating margin for the past 12 months is thus 8.9%.

Market

Overall, the international element market slowed down during the year as economic development slowed in most markets. However, demand differs markedly between various market segments. We can see increased electrification globally, both in the transport sector and in sustainable energy solutions, which will also provide interesting market opportunities in the coming years. Digitalisation provides new opportunities to expand as well, especially in the semiconductor industry.

In most markets, there has been a slowdown in demand in the large market segments linked to consumer products such as domestic appliances and other household products. This also applies to industrial products. The market is declining especially in Central Europe, with Germany at the forefront, but the same trends are being seen in North America when it comes to domestic appliances.

Market segments that are linked to sustainable energy solutions and products with a focus on renewable energy have continued to develop positively. This applies to both production of energy such as wind power and energy efficient, intelligent solutions for heating, such as heat pumps.

Demand in the semiconductor industry, which is a new and very interesting segment for us, has traditionally exhibited substantial cyclical fluctuations. This has meant that demand from our customers, which are mainly suppliers to machine manufacturers in the semiconductor industry, was weaker in the first half of the year, but with a positive trend during the autumn, as the need for semiconductors for data storage and telecommunications increased.

There is reduced demand overall in the automotive industry. At the same time, we are carrying out several development projects with our customers in the automotive industry to meet greater demand for environmental performance and conversion to electric or hybrid vehicles. The evolution towards more advanced safety systems also entails new needs for heating solutions, usually with control and monitoring, so we are enhancing our resources in these areas. In the short term, these development investments mean higher costs, but will generate good market opportunities in the longer term.

In the transport sector, infrastructure investment growth has been unusually weak since subsidies for this type of investment have been reduced in several countries.

The turbulence concerning customs duties and other trade barriers is increasingly affecting where customers place their production facilities. In this situation we see major advantages in having our production facilities in many different countries, allowing us to better follow changes in trading patterns.

The electric vehicle trend is facing fresh challenges. One of them is the cold, which can cause batteries to lose capacity or stop working and thus limit the vehicle's range. At the request of Scania, which has developed a new electric bus, Backer AB has produced a solution that heats battery packs with integrated circuit boards that are easy to install in the vehicle assembly. Intelligent electronic control keeps the battery pack at the correct temperature, and the bus passengers arrive at their destination not only sustainably but safely.



NIBE Element

Key ratios		2019	2018	Past	2018
		Q1-3	Q1-3	12 months	Full year
Net sales	SEK m	5,116	4,711	6,754	6,349
Growth	%	8.6	23.3	12.7	24.4
of which acquired	%	2.7	15.2	5.5	15.3
Operating profit	SEK m	465	516	599	650
Operating margin	%	9.1	11.0	8.9	10.2
Assets	SEK m	8,772	7,431	8,772	7,655
Liabilities	SEK m	1,390	1,128	1,390	1,177
Investments in non-current assets	SEK m	209	125	298	214
Depreciation	SEK m	205	125	246	166

Operations

The cautious yet strikingly varied difference in demand between segments has meant a less favourable product mix, in terms of the margin, than in the same period last year.

To meet continued labour shortages and sharply increased cost pressure in several of our low-cost units due to political decisions, we are increasingly investing in automation and robotisation in these countries as well. In parallel, we are also implementing several sustainability projects to improve working environments and reduce energy consumption.

To increase our market presence and expand further in Asia, we are currently enlarging our operations in both Thailand and Vietnam.

We keep working intensively to continuously improve the competitiveness of our units in each market segment. These efforts include ongoing investments in productivity-enhancing measures and cost-efficiency measures in all areas. This is essential if we are to maintain the operating margin at the established target of 10%.

Exchange rates remain volatile, with a considerable effect on pricing and competitiveness. In this situation, having production units in different currency zones gives us a clear advantage. We are seeing increases in the prices of certain metals and inputs, which when combined with pay increases necessitate continued price adjustments in most market and product segments.

At the end of October, 51% of the shares in North American company Therm-X of California, Inc. were acquired with an option to acquire the remaining 49%. This acquisition is another step in our strategy to establish ourselves as one of the leading suppliers to the important semiconductor industry.

NIBE Stoves business area

Sales and profit

Sales for the period totalled SEK 1,671 million, compared with SEK 1,558 million for the corresponding period last year. Of the increase in sales of SEK 113 million, acquired sales accounted for SEK 37 million, which means that organic growth was 4.9%.

Operating profit for the period totalled SEK 110 million, compared with SEK 127 million the previous year. This equates to an operating margin of 6.6% compared with 8.2% for the previous year. The operating margin for the past 12 months is thus 10.0%.

Market

Overall, the demand for stove products in Europe is estimated to be reasonably on a par with last year but with significant differences between various product types and regions. The start of the traditional high season has been somewhat hesitant, which is thought to be an effect of consumer uncertainty about the economy. In North America, demand is at a stable level and the start of the all-important high season has been good. Generally speaking, we have maintained a strong market position in all our main markets but the traditional high season started somewhat later this year compared to past seasons, which is believed to have affected the results for the period.

Demand trends in Scandinavia have been somewhat mixed. The Swedish market continues to decrease slightly and is influenced by less new construction of detached houses and more competition from other durable goods. After a very strong start to the year in Norway driven by a high rate of new construction, things have levelled off somewhat. In Denmark, the introduction of subsidies for scrapping old and outdated stoves has had a positive effect during the year.

In the UK, demand for wood-burning products continues to decline. The negative debate on wood burning has caused uncertainty among consumers and the introduction of new Ecodesign requirements has also had a temporary moderating effect over a transitional period. Demand for gas-fired products remains at a high and stable level while interest in electrical products continues to increase.

So far this year, demand for stove products in Germany has increased slightly after several years of reduced demand and a total market that has been at a historically low level. In France, the trend remains the same, resulting in an unchanged total market with increased demand for pellet stoves, while demand for traditional wood-fired products is declining.

Following slightly weaker growth in North America during the first half of the year, demand has recently increased again for both gas- and wood-fired products. The introduction of new rules for wood-burning products in May 2020 continues to cause some short-term uncertainty regarding demand in this product category.

NIBE Stoves

Key ratios		2019	2018	Past	2018
		Q1-3	Q1-3	12 months	Full year
Net sales	SEK m	1,671	1,558	2,493	2,379
Growth	%	7.3	4.7	8.1	6.4
of which acquired	%	2.4	1.1	2.7	1.9
Operating profit	SEK m	110	127	248	265
Operating margin	%	6.6	8.2	10.0	11.2
Assets	SEK m	3,817	3,436	3,817	3,304
Liabilities	SEK m	506	390	506	407
Investments in non-current assets	SEK m	59	61	79	80
Depreciation	SEK m	93	57	112	77

Operations

Our investment in broadening the product range in North America with selected products from our European companies and with distribution through FPI, which was acquired at the end of 2016, is now starting to yield results. Gas-fired products with Scandinavian design continue to be a niche in North America, but by combining them with the introduction of a selected range of electric stoves, we have become an even more interesting supplier to our North American retailers. In addition, we are well prepared for the new rules for wood-burning products that will be introduced in May 2020, as all our models under the Regency brand meet the new requirements.

Contura's new products have been very well received in all our cultivated markets and most display products were delivered to the dealers last quarter.

Measures implemented to increase the production capacity of gas-fired and electric products have resulted in good delivery capacity.

Although our product range already complies with the EU Ecodesign Directive, which will be enforced from 2022, with requirements for better combustion and thus lower emissions, we continue to further develop our products to cut emissions even more. We are also involved in national industry bodies to constructively discuss emissions issues while working to replace old technology products with new ones since it benefits both the environment and our own business.

The lower operating margin is partly due to some price competition in a generally unchanged market, but above all to our continued aggressive investment in product development so we can achieve our sustainability goals and in intensive market initiatives together with our retailers.

Our investment in broadening the product range with selected products from our European companies with distribution through FPI in North America is now starting to yield results. Electric and gas-fired stoves with Scandinavian design have made FPI an even more interesting supplier to the North American dealers.



Condensed income statement

(SEK million)	Group						Parent	
	Q3 2019	Q3 2018	Jan-Sept 2019	Jan-Sept 2018	Past 12 months	Full year 2018	Jan-Sept 2019	Jan-Sept 2018
Net sales	6,349	5,785	18,205	16,018	24,703	22,516	18	11
Cost of goods sold	- 4,245	- 3,868	- 12,303	- 10,726	- 16,631	- 15,054	0	0
Gross profit	2,104	1,917	5,902	5,292	8,072	7,462	18	11
Selling expenses	- 869	- 831	- 2,733	- 2,488	- 3,677	- 3,432	0	0
Administrative expenses	- 435	- 359	- 1,274	- 1,053	- 1,674	- 1,453	- 70	- 45
Other operating income	51	68	190	173	269	252	0	0
Operating profit	851	795	2,085	1,924	2,990	2,829	- 52	- 34
Net financial items	- 29	- 36	- 135	- 134	- 163	- 162	1,989	600
Profit after net financial items	822	759	1,950	1,790	2,827	2,667	1,937	566
Tax	- 187	- 152	- 451	- 407	- 639	- 595	0	0
Net profit	635	607	1,499	1,383	2,188	2,072	1,937	566
Net profit attributable to Parent shareholders	632	607	1,495	1,383	2,186	2,074	1,937	566
Net profit attributable to non-controlling interest	3	0	4	0	2	- 2	0	0
Net profit	635	607	1,499	1,383	2,188	2,072	1,937	566
Includes depreciation according to plan as follows	255	177	758	518	931	691	0	0
Net earnings per share before and after dilution, SEK	1.25	1.21	2.97	2.74	4.34	4.11		

Statement of comprehensive income

Net profit	635	607	1,499	1,383	2,188	2,072	1,937	566
Other comprehensive income								
Items that will not be reclassified to profit or loss								
Actuarial gains and losses in retirement benefit plans	0	10	- 125	0	- 85	40	0	0
Tax	0	- 2	26	0	17	- 9	0	0
	0	8	- 99	0	- 68	31	0	0
Items that may be reclassified to profit or loss								
Cash flow hedges	- 3	12	- 1	2	- 2	1	0	0
Hedging of net investment	- 8	4	- 31	- 69	- 21	- 59	0	0
Exchange differences	811	- 122	1,592	1,148	1,597	1,153	0	0
Tax	- 60	10	- 97	- 57	- 113	- 73	0	0
	740	- 96	1,463	1,024	1,461	1,022	0	0
Total other comprehensive income	740	- 88	1,364	1,024	1,393	1,053	0	0
Total comprehensive income	1,375	519	2,863	2,407	3,581	3,125	1,937	566
Comprehensive income attributable to Parent shareholders	1,369	519	2,856	2,407	3,577	3,128	1,937	566
Comprehensive income attributable to non-controlling interest	6	0	7	0	4	- 3	0	0
Total comprehensive income	1,375	519	2,862	2,407	3,581	3,125	1,937	566

Condensed balance sheet

(SEK million)	Group			Parent		
	2019-09-30	2018-09-30	2018-12-31	2019-09-30	2018-09-30	2018-12-31
Intangible assets	18,903	16,904	17,029	0	0	0
Property, plant and equipment	4,775	3,288	3,410	0	0	0
Financial assets	569	497	589	16,500	14,247	14,224
Total non-current assets	24,247	20,689	21,028	16,500	14,247	14,224
Inventories	4,873	4,359	4,106	0	0	0
Current receivables	4,575	4,182	3,968	43	59	158
Investments in securities, etc.	170	106	166	0	0	0
Cash and bank balances	3,679	2,294	3,023	87	48	51
Total current assets	13,297	10,941	11,263	130	107	209
Total assets	37,544	31,630	32,291	16,630	14,354	14,433
Equity	17,724	14,690	15,421	9,043	7,693	7,761
Non-current liabilities and provisions, non-interest-bearing	4,531	3,972	3,973	293	371	318
Non-current liabilities and provisions, interest-bearing	7,551	7,334	7,357	5,599	5,361	5,360
Current liabilities and provisions, non-interest-bearing	4,621	3,628	3,658	195	29	94
Current liabilities and provisions, interest-bearing	3,117	2,006	1,882	1,500	900	900
Total equity and liabilities	37,544	31,630	32,291	16,630	14,354	14,433

Key ratios

		Jan-Sept 2019	Jan-Sept 2018	Full year 2018
Growth	%	13.7	17.3	18.5
Operating margin ¹⁾	%	11.5	12.0	12.6
Profit margin	%	10.7	11.2	11.8
Investments in non-current assets	SEK m	1,172	1,994	2,479
Cash and equivalents	SEK m	4,364	2,723	3,562
Working capital, incl. cash and bank balances as share of net sales	SEK m %	8,676 35.1	7,313 34.2	7,604 33.8
Working capital, excl. cash and bank balances as share of net sales	SEK m %	4,827 19.5	4,913 23.0	4,416 19.6
Interest-bearing liabilities/Equity ²⁾	%	60.5	63.6	60.0
Equity/assets ratio ³⁾	%	47.0	46.4	47.7
Return on capital employed ⁴⁾	%	11.9	12.2	13.0
Return on equity ⁵⁾	%	13.4	14.1	14.8
Net debt/EBITDA ⁶⁾	times	1.7	2.1	1.7
Interest coverage ratio ⁷⁾	times	8.0	7.5	8.8

After the introduction of IFRS 16, some of the Group's key ratios are no longer comparable with previous periods as the new standard has an impact on both the income statement and the balance sheet. The following key ratios for Q3 2019, in which the impact of IFRS 16 has been eliminated, permit a truer and fairer comparison with previous periods as they have not been restated:

- 1) The operating margin would have been 11.4%
- 2) Interest-bearing liabilities/Equity would have been 55.6%
- 3) The equity/assets ratio would have been 48.1%
- 4) Return on capital employed would have been 12.1%
- 5) Return on equity would have been 13.3%
- 6) Net debt/EBITDA would have been 1.6 times
- 7) The interest coverage ratio would have been 8.4 times

Data per share

		Jan-Sept 2019	Jan-Sept 2018	Full year 2018
Net profit per share (total 504,016,622 shares)	SEK	2.97	2.74	4.11
Equity per share	SEK	34.99	29.14	30.57
Closing day share price	SEK	124.85	106.50	90.92

Condensed cash flow statement

(SEK million)	Jan-Sept 2019	Jan-Sept 2018	Full year 2018
Cash flow from operating activities	2,734	1,994	2,652
Change in working capital	-705	-1,337	-764
Investing activities	-1,059	-1,380	-1,778
Financing activities	-492	-449	-500
Exchange difference in cash and equivalents	182	150	157
Change in cash and equivalents	660	-1,022	-233

Change in equity – summaries

(SEK million)	Jan-Sept 2019	Jan-Sept 2018	Full year 2018
Opening equity	15,421	12,807	12,807
Effect of change in accounting policy ¹	-10	0	0
Adjusted opening equity	15,411	12,807	12,807
Shareholders' dividend	-655	-529	-529
Capital contribution from non-controlling interest	40	0	0
Dividend to non-controlling interest	-1	-1	-1
Change in non-controlling interest	66	6	19
Comprehensive income for the period	2,863	2,407	3,125
Closing equity	17,723	14,690	15,421

1) IFRS 16 was implemented with retrospective effect on opening equity.

Sales by geographical region

(SEK million)	NIBE Climate Solutions	NIBE Element	NIBE Stoves	Elimina- tions	Total
Nordics	3,447	930	445	-300	4,522
Europe (excl. Nordics)	5,022	1,684	803	-109	7,400
North America	3,217	1,903	361	-12	5,469
Other countries	154	599	62	-1	814
Total	11,840	5,116	1,671	-422	18,205

Time of accounting for sales

(SEK million)	NIBE Climate Solutions	NIBE Element	NIBE Stoves	Elimina- tions	Total
Deliverables taken up as revenue once	11,663	5,116	1,671	-422	18,028
Deliverables taken up as revenue gradually	177	0	0	0	177
Total	11,840	5,116	1,671	-422	18,205

SERVICE CONTRACTS

For certain products in Climate Solutions, NIBE offers customers the opportunity to sign one-year service contracts, under which NIBE undertakes to perform maintenance service and remedy certain defects that are not covered by the warranty provided. The scope of defects cannot be reliably predicted, so pricing is based on experience. Payment is received from customers annually in advance, so deferred income will be taken up as income gradually over the coming 12-month period.

EXTENDED WARRANTY PERIOD CONTRACTS

For certain products in Climate Solutions, NIBE offers customers the opportunity to sign contracts for warranty periods that exceed those provided as standard. Standard warranty periods depend both on the type of product and the market in question. The longest contracts expire within six years. The scope of defects cannot be reliably predicted, so pricing is based on experience. Payment is received from customers on delivery of goods. Deferred income will be taken up as revenue gradually over the coming six-year period.

Financial instruments measured at fair value

(SEK million)	30 Sept 2019	30 Sept 2018	31 Dec 2018
Current receivables			
Currency futures	0	1	4
Commodity futures	4	2	0
Total	4	3	4
Financial assets			
Interest rate derivatives	6	11	13
Current liabilities and provisions, non-interest-bearing			
Currency futures	2	0	0
Commodity futures	0	0	2
Total	2	0	2

No instruments have been offset in the statement of financial position, so all instruments are recognised at their gross value. For a detailed account of the measurement process, see Note 2 in the Annual Report for 2018. For other consolidated financial assets and liabilities, the carrying amounts represent a reasonable approximation of their fair value. A specification of the financial assets and liabilities involved is given in Note 7 in the Annual Report for 2018.

Alternative performance measures

Alternative performance measures are financial measures that are used by the company's management and by investors to evaluate the Group's profit and financial position using calculations that cannot be directly derived from the financial statements. The alternative performance measures provided in this report may be calculated using methods that differ from those used to produce similar measures that are used by other companies.

Net investments in non-current assets

(SEK million)	Jan-Sept 2019	Jan-Sept 2018	Full year 2018
Acquisition of non-current assets	1,178	1,998	2,493
Disposal of non-current assets	-6	-4	-14
Net investments in non-current assets	1,172	1,994	2,479

Working capital, including cash and bank balances

(SEK million)	Jan-Sept 2019	Jan-Sept 2018	Full year 2018
Total current assets	13,297	10,941	11,263
Current liabilities and provisions, non-interest-bearing	-4,621	-3,628	-3,659
Working capital, including cash and bank balances	8,676	7,313	7,604
Net sales in the past 12 months	24,703	21,374	22,516
Working capital, including cash and bank balances, in relation to net sales, %	35.1	34.2	33.8

Return on capital employed

(SEK million)	Jan-Sept 2019	Jan-Sept 2018	Full year 2018
Profit after net financial items last 12 months	2,827	2,483	2,667
Financial expenses in the past 12 months	343	308	341
Profit before financial expenses	3,170	2,791	3,008
Capital employed at start of period	24,660	21,783	21,783
Capital employed at end of period	28,393	24,031	24,660
Average capital employed	26,526	22,907	23,221
Return on capital employed, %	11.9	12.2	13.0

Net debt/EBITDA

(SEK million)	Jan-Sept 2019	Jan-Sept 2018	Full year 2018
Non-current liabilities and provisions, interest-bearing	7,551	7,334	7,357
Current liabilities and provisions, interest-bearing	3,117	2,006	1,882
Cash and bank balances	-3,679	-2,294	-3,023
Investments in securities, etc.	-170	-106	-166
Net debt	6,819	6,940	6,050
Operating profit in the past 12 months	2,990	2,650	2,829
Depreciation and impairment in the past 12 months	931	663	691
EBITDA	3,921	3,313	3,520
Net debt/EBITDA, times	1.7	2.1	1.7

Cash and equivalents

(SEK million)	Jan-Sept 2019	Jan-Sept 2018	Full year 2018
Cash and bank balances	3,679	2,294	3,023
Investments in securities, etc.	170	106	166
Unutilised overdraft facilities	515	323	373
Cash and equivalents	4,364	2,723	3,562

Working capital, excluding cash and bank balances

(SEK million)	Jan-Sept 2019	Jan-Sept 2018	Full year 2018
Inventories	4,873	4,359	4,106
Current receivables	4,575	4,182	3,968
Current liabilities and provisions, non-interest-bearing	-4,621	-3,628	-3,658
Working capital, excluding cash and bank balances	4,827	4,913	4,416
Net sales in the past 12 months	24,703	21,374	22,516
Working capital, excluding cash and bank balances, in relation to net sales, %	19.5	23.0	19.6

Return on equity

(SEK million)	Jan-Sept 2019	Jan-Sept 2018	Full year 2018
Profit after net financial items last 12 months	2,827	2,483	2,667
Standard tax rate, %	21.4	22.0	22.0
Profit after net financial items, after tax	2,222	1,937	2,080
Equity at start of period	15,406	12,807	12,807
Equity at end of period	17,637	14,685	15,406
Average equity	16,521	13,746	14,107
Return on equity, %	13.4	14.1	14.8

Interest coverage ratio

(SEK million)	Jan-Sept 2019	Jan-Sept 2018	Full year 2018
Profit after net financial items	1,950	1,790	2,667
Financial expenses	277	275	341
Interest coverage ratio, times	8.0	7.5	8.8

NIBE shares

NIBE's class B shares are listed on the NASDAQ Nordic Large Cap list in Stockholm, with a secondary listing on the SIX Swiss Exchange in Zurich. The NIBE share's closing price at 30 September 2019 was SEK 124.85.

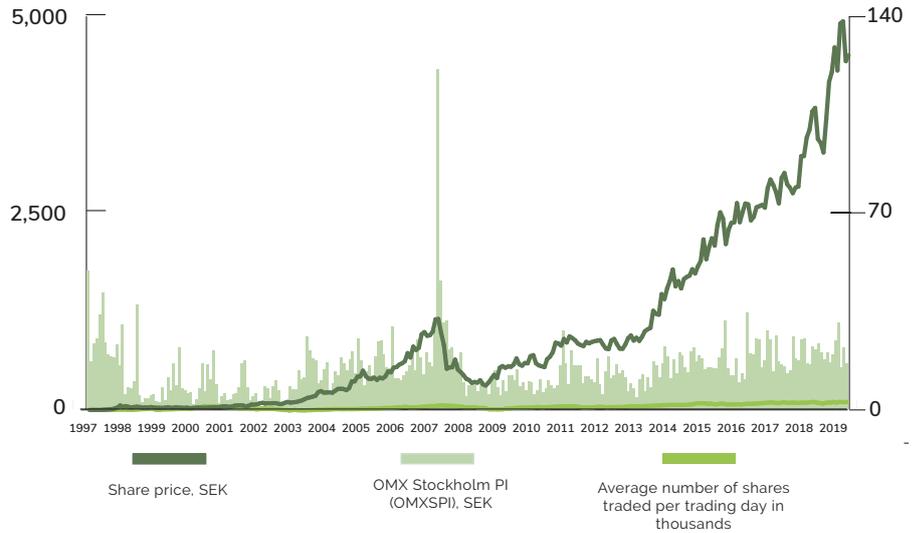
During the first nine months of the year, NIBE's share price rose by 37.3%, from SEK 90.92 to SEK 124.85. During the same period, the OMX Stockholm PI (OMXSPI) increased by 18.9%.

This means that, at the end of September 2019, the market capitalisation of NIBE, based on the latest price paid, amounted to SEK 62,926 million.

A total of 135,627,923 NIBE shares were traded, which corresponds to a share turnover of 35.9% in the first three quarters of 2019. All figures were recalculated following the 4:1 splits implemented in 2003, 2006 and May 2016, and the dilution effect of the preferential rights issue in October 2016.

Number of shares traded per trading day in thousands

Share price, SEK



Accounting policies

NIBE Industrier's consolidated accounts are drawn up in accordance with the International Financial Reporting Standards (IFRS). NIBE Industrier's interim report for the third quarter of 2019 has been drawn up in accordance with IAS 34 'Interim Financial Reporting'. Disclosures in accordance with IAS 34 16A are presented in the financial statements and related note information as well as in other parts of the interim report.

IFRS 16 Leases

IFRS 16 entered into force on 1 January 2019. For lessees, IFRS 16 means that the former division into finance and operating leases has been withdrawn and replaced with a model in which assets and liabilities for all leases must be recognised in the balance sheet. There are exceptions for leases with low value and leases with a term of no more than 12 months. Depreciation/amortisation must be recognised in the income statement separately from interest expenses attributable to the lease liability. In the transition to the new standard, NIBE has chosen to apply the modified retrospective approach with the option of, on 1 January 2019, recognising the right-of-use assets at an amount equivalent to the lease liability at the time, but adjusted for any prepaid or accrued lease payments. The selected transition method means that comparative periods have not been restated. As at 1 January, the new standard increased consolidated property, plant and equipment by SEK 827 million and deferred tax assets by SEK 3 million. Non-current assets consist mainly of rented premises. At the same time, consolidated interest-bearing liabilities increased by SEK 840 million, SEK 225 million of which was current liabilities, meaning that consolidated equity was reduced by SEK 10 million as at 1 January. The impact of the new standard on consolidated profit before tax after Q3 is insignificant. IFRS 16 has primarily affected the classification of consolidated lease costs in that they must now, in part, be recognised as a financial expense. Consolidated operating profit for the first three quarters of 2019 thus increased by SEK 14 million, while consolidated net financial items were charged with SEK 12 million. The consolidated cash flow

statement was also affected by IFRS 16 in that lease payments made, which amount to SEK 173 million during the period, are now regarded as amortisation of lease liabilities and must therefore be recognised in financing activities. They were previously recognised in cash flow from operating activities.

In other respects, the same accounting policies as those adopted for this report are described on pages 88-91 of the company's Annual Report for 2018. Reporting for the Parent follows the Swedish Annual Accounts Act and recommendation RFR 2 of the Swedish Financial Accounting Standards Council (Reporting for Legal Entities).

In the case of transactions with associates, these have taken place to the same extent as in the previous year and the same accounting policies apply as those described on page 89 of the company's Annual Report for 2018.

Risks and uncertainties

NIBE Industrier is an international industrial group that is represented in around 40 countries. As such, it is exposed to several business and financial risks. Risk management is therefore an important process relative to the goals that the company has set up. Throughout the NIBE Group, efficient risk management routines are an ongoing process within the framework of the Group's operational management and a natural part of the continual follow-up of activities. It is our opinion that no significant risks or uncertainties have arisen in addition to those described in NIBE Industrier's Annual Report for 2018.

This interim report provides an accurate picture of the business activities, financial position and earnings of the Parent and the Group, and describes any significant risks and uncertainties faced by the Parent and the companies that comprise the Group.

Markaryd, 15 November 2019



Hans Linnarson
Chairman of the Board



Georg Brunstam
Director



Anders Pålsson
Director



Helene Richmond
Director



Jenny Sjödaahl
Director



Gerteric Lindqvist
Managing Director and
CEO

Review report

We have reviewed the summary interim financial information (interim report) of Nibe Industrier AB as of 30 September 2019 and the nine-month period then ended. The Board of Directors and the Managing Director are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and other generally accepted auditing practices and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, for the Group in accordance with IAS 34 and the Annual Accounts Act and for the Parent Company in accordance with the Annual Accounts Act.

Markaryd, 15 November 2019
KPMG AB



Dan Kjellqvist
Authorised Public Accountant
Auditor in charge

For other information on definitions, please refer to the company's Annual Report for 2018.



NIBE Group – a global Group with companies and a presence worldwide

NIBE Group is a global organisation that contributes to a smaller carbon footprint and better utilisation of energy. In our three business areas – Climate Solutions, Element and Stoves – we develop, manufacture and market a wide range of eco-friendly, energy-efficient solutions for indoor climate comfort in all types of property, plus components and solutions for intelligent heating and control in industry and infrastructure.

From its beginnings in the Småland city of Markaryd nearly 70 years ago, NIBE has grown into an international company with 16,900 (14,300) employees and a presence worldwide. From the very start, the company was driven by a strong culture of entrepreneurship and a passion for responsible business operation. Its success factors are long-term investments in sustainable product development and strategic acquisitions. Combined, these factors have brought about strong, targeted growth, which generated sales of just over SEK 22 (19) billion in 2018.

NIBE has been listed under the name NIBE Industrier AB on the Nasdaq Nordic Large Cap list since 1997, with a secondary listing on the SIX Swiss Exchange since 2011.

NIBE Industrier AB is obliged by Swedish law (the Securities Market Act and/or the Financial Instruments Trading Act) to publish the information in this report. This information was made available to the media for publication at 08:00 (C.E.T.) on 15 November 2019.

Please e-mail any questions you have about this report to:
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